

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-10 EA-10 ISO-00 SOE-01 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-08 DOE-12 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06

OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-12 PA-01

PRS-01 /136 W

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R 220900Z DEC 77

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 5914

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

USMISSION BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

USINT HAVANA

AMEMBASSY HONG KONG

AMEMBASSY LONDON

AMCONSUL MUNICH

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USLO PEKING

AMEMBASSY ROME

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AMEMBASSY TOKYO

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ENRG, UR

SUBJ: THE USSR'S 1978 ECONOMIC PLAN FOR FUELS AND ENERGY --

CONTINUED GROWTH BUT A CONCERN TO ECONOMIZE

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SUMMARY: THE ENERGY SECTOR, ONE OF THE SOVIET ECONOMY'S BRIGHT

SPOTS IN 1977, IS SLATED TO CONTINUE ITS SUBSTANTIAL GROWTH IN

1978: ELECTRICITY BY 4.8 PERCENT; OIL BY ABOUT 5.5 PERCENT;

GAS BY 7 TO 8 PERCENT; AND COAL BY SOME 2.7 PERCENT.

NEVERTHELESS, PRESUMABLY WITH A VIEW TO MAXIMIZING ENERGY

EXPORTS, GOSPLAN CHAIRMAN BAYBAKOV IN HIS SPEECH ON THE ECONOMIC

PLAN CALLED SEVERAL TIMES FOR THRIFTINESS AND WARNED THAT AN

UNINTERRUPTED FUEL SUPPLY DEPENDS ON STRICT DISCIPLINE ABOUT ITS USE AND MEETING THE TARGETS FOR ECONOMIZING. A TAUT SUPPLY SITUATION APPEARS TO BE IN PROSPECT AND SOME CONCERN IS OBVIOUSLY BEING FELT AT HIGH LEVELS ABOUT IT. END SUMMARY. BEGIN UNCLASSIFIED

1. PRAVDA'S EDITORIAL ON THE 1978 ECONOMIC PLAN SAID THAT OF THE MAJOR INTERSECTORAL QUESTIONS NONE WAS MORE IMPORTANT THAN THAT OF FUELS AND ENERGY. ELECTRIC POWER POUTPUT IS TARGETED AT 1,207 MILLION KWH, 4.8 PERCENT ABOVE 1977. THERE IS TO BE FURTHER DEVELOPMENT OF THE THERMAL ELECTRIC POWER BASE, HYDRO IS TO GROW BY 13 PERCENT, AND ATOMIC, BY MORE THAN 21 PERCENT. OIL (PLUS GAS CONDENSATE) IS TO REACH 575 MILLION TONS (A 4.5 PERCENT GROWTH OVER THE 1977 GOAL OF 550), WITH THE BASIC GROWTH IN SUPPLY COMING FROM WESTERN SIBERIA, WITH SOME INCREASES ALSO FROM KOMI, UDMURTSK, ORENBURG AND GEORGIA. THERE IS TO BE A CONCOMITANT INCREASE OF 14.2 PERCENT IN THE AMOUNT OF PETROLEUM TRANSPORTED.

2. GAS EXTRACTION IS TO BE 370 BILLION CUBIC METERS - A CONTINUATION OF 1977'S 8 PERCENT GROWTH RATE. GROWTH IS TO COME PRINCIPALLY FROM THE FIELDS IN TYUMEN AND ORENBURG OBLASTS AND ALSO FROM TURKMENISTAN.

3. TO ACHIEVE THESE GOALS IT WILL BE NECESSARY, SAID BAYBAKOV, TO SPEED UP THE CONSTRUCTION OF INDUSTRIAL PROJECTS LIMITED OFFICIAL USE

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AND HOUSING, ESPECIALLY IN WESTERN SIBERIA AND KOMI, AND OF OIL AND GAS PIPELINES. THE PLAN ALSO ENVISAGES A SIGNIFICANT INCREASE IN GEOLOGICAL WORK WITH A VIEW TO MAKING DISCOVERY OUTSTRIP EXTRACTION FOR THESE FUELS, ESPECIALLY OIL.

4. COAL EXTRACTION IS TO REACH 746 MILLION TONS - ALL OF THE GROWTH (SOME 23.7 MMT) TO COME FROM NEW CAPACITY. THE IMPORTANT TASK FOR THE MINISTRY IS MORE RAPID BUILDING OF NEW PRODUCTIVE CAPACITY AND THE OVERCOMING OF LAGS IN BUILDING MINES IN THE DONBAS AND DUZBAS. TO FURTHER DEVELOP OPEN CAST MINING, POWERFUL EXCAVATORS AND LARGE CAPCITY DUMP TRUCKS WILL BE SUPPLIED, AND IN UNDERGROUND MINES THERE WILL BE INCREASED APPLICATION OF HYDRAULIC TIMBERING, DRIFTING COMBINES AND OTHER TECHNIQUES.

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5. 1978 IS TO SEE SIGNIFICANT ADDITIONS TO PRODUCTIVE
CAPACITY -- ELECTRIC POWER, 11.9 MILLION KWH AND COAL
EXTRACTION, 23.7 MILLION TONS, AMONG THE MAJOR PROJECTS
WILL BE ATOMIC POWER BLOCKS OF ONE MILLION KWH EACH AT
NOVOVORONEZH, CHERNOBYL'SK AND KURSK, AND 7.5 MILLION TONS
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OF COAL EXTRACTION CAPACITY AT THE EKIBASTUZ BASIN.

6. NEVERTHELESS, SOME CONCERN ABOUT FUTURE AVAILABILITY
OF OTHER FUELS SHOWS IN THE ATTENTION TO NUCLEAR POWER.
BAYBAKOV SAYS THAT IN ORDER TO REDUCE THE USE OF OIL AND
GAS FOR POWER GENERATION, CONSTRUCTION AND EXPANSION WILL
BE CONTINUED AT THE ATOMIC POWER STATIONS AT LENINGRAD,

KALININ, SMOLENSK AND KOLA. IN THE BALTIC REPUBLICS THE
IGNALINSK ATOMIC POWER STATION IS A MAJOR PROJECT. FOR THE
MORE IMMEDIATE FUTURE, EVEN MORE OBVIOUS CONCERN SHOWS IN
BAYBOAKOV'S STATEMENT THAT: "FOR AN UNINTERRUPTED SUPPLY OF
FUEL CLOSELY DISCIPLINED USE AND FULFILLMENT OF THE TARGETS
FOR ECONOMIZING ARE ESSENTIAL."

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7. COMMENT: DESPITE APPARENT EXPECTATION OF CONTINUED
INCREASES OF ENERGY OUTPUTS AT 1977 GROWTH RATES THERE IS A
MANIFEST CONCERN TO CONSERVE ON THEIR USE. THIS COULD BECOME
MANIFEST IN A PROGRAM OF BOTH POSITIVE AND NEGATIVE
INCENTRIVES (BONUSES AND FINES) FOR ECONOMIZING AND EVEN IN
REDUCED ALLOCATIONS OF FUEL FOR VARIOUS PURPOSES IF THE
SITUATION WERE VIEWED AS REQUIRING IT. GIVEN THE IMPORTANCE
OF RAILWAY TRANSPORTATION PROBLEMS IN THE ECONOMY AS A WHOLE,
IT MAY WELL BE THAT TRANSPORTATION AND DISTRUBUTION ARE AS
MUCH A SOURCE OF THE PROBLEM AT THIS STAGE AS IS EXTRACTION.
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Message Attributes

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